

## **FINANCE DIRECTOR**

### **Fiscal Year 2012**

The Finance Director is responsible for the coordination of all financial activities of the Town, managing and coordinating the activities of the Finance Department (Accounting, Assessing, Collections, and Treasury), developing operating and capital budgets and appropriate budgetary controls, and for effective financial planning and management of debt and debt policies. He also serves as the primary staff liaison to the Finance Committee, Joint Capital Planning Committee, and the Budget Coordinating Group.

#### ***FY 12 Budget***

Town Meeting passed a General Fund budget of \$64,269,653, an increase of 2.1% from the previous year. The budget included an additional appropriation of \$65,250 from Free Cash voted at Town Meeting to support the reopening of the War Memorial Pool. The tax rate was set to tax at the full levy limit. The Town saw continued cuts in State Aid of nearly a half million dollars, continuing a four year trend. Overall local receipts – from fees, fines, and other charges – were budgeted at levels approximately equal to levels from previous years. A significant factor contributing to a balanced budget was the Town's favorable experience with health insurance. The health insurance trust fund had strong balances, and claims data for the year were modest enough that it was possible to have no rate increase for either the active employee plans or the retiree plans, notwithstanding industry rate increases of 10% or higher.

The fiscal year closed with a surplus of \$1.1 million (on an unaudited basis), which was equal to 1.7% of revenue. These figures are consistent with surpluses over the previous five years. By far, the largest part of the surplus derived from revenues that were higher than original projections. Areas that contributed to this surplus included the full-year realization of the hotel/motel and meals taxes originally implemented during FY 10, increases in fines and forfeits as the result of a newly enacted noise by-law and associated enhanced Police enforcement, and various one-time sources of revenue, such as the receipt of premiums on bond sales and Medicaid reimbursements. Departments expended 99.9% of their budgets, resulting in a turnback of \$84,861.

After the passage of the annual Town budget, the Legislature passed a provision allocating up to \$65 million to cities and towns, contingent upon the State FY 11 budget ending with a surplus. When that surplus materialized, the Town received an allocation of \$514,866. At the Fall Town meeting, \$400,000 of that amount was voted into the Stabilization Fund.

#### ***Bond Sale***

In March 2012, the Town conducted a very successful bond sale, selling just over \$4.8 million in bonds. Four million of those bonds was for a Water Fund project to make repairs to the Centennial Water Treatment facility and extend a sewer line to the plant to transport waste material from the plant, which are created during the water treatment process, to the Town's sewer treatment plant. \$133,000 was for the initial design phase of a sewer extension project at Harkness Road, and \$177,000 was for retiring short term notes and issuing permanent debt for the acquisition of portable classrooms at the Marks Meadow School, and \$192,000 was for retiring short term notes and issuing permanent debt for repairs to the South Amherst School

roof and interior. In addition, this debt sale included \$350,000 for an Amherst Housing Authority project to construct affordable housing, using Community Preservation Act funds to repay that portion of the bond. The interest rate on the bonds was 2.2%

***Acknowledgements***

I want to acknowledge the hardworking employees in the Finance Department who perform necessary, critical, and often thankless work in the Accounting, Tax Collection, Assessing, and Treasury functions in support of Town services. They are highly skilled and professional, dedicated to their jobs, and willing to solve the problems and challenges that often arise in these offices. Their success has been acknowledged by our independent auditors who report timely and accurate financial reporting, strong cash management and investment practices, and sound internal controls. Other indicators include our strong tax collection rates (regularly in excess of 98% annually) and accurate and equitable property tax assessments with abatements well below 1%. I am happy to report that the Town's finances are well managed by this excellent staff.

Submitted by,  
Sanford M. Pooler  
Finance Director